

TO: Members of the MAG Transit Committee

FROM: Alice Chen, Transportation Planner

DATE: February 2, 2010

SUBJECT: PROPOSED FEDERAL ECONOMIC STIMULUS LEGISLATION

Preceding and since passage of the American Recovery and Reinvestment Act, the Maricopa Association of Governments (MAG) staff has been working with member agencies to identify projects that can be supported with ARRA funds. In December 2009, the House of Representatives quickly introduced and passed H.R. 2847 which identifies \$75 billion to fund a variety of programmatic areas in a bill similar to ARRA with the intent of addressing the ongoing economic recession. As it relates to transportation issues, some spending provisions of this legislation have deadlines that are faster than what we saw with the ARRA. It is important to note that this legislation is still emerging and is subject to amendments as it goes to the Senate.

A significant difference in H.R. 2847 compared to ARRA are the use-it-or-lose-it deadlines. The new legislation has provisions that fifty percent of transportation projects (both highway and transit) need to be under contract within shorter time frames than ARRA obligations deadlines. The MAG Transportation Review Committee and MAG Transit Committee will have early roles in providing recommendations to the MAG Management Committee, Transportation Policy Committee and Regional Council in how the region prepares for H. R. 2847 guidelines and funding. The legislation in its current form would allocate \$27.5 billion to Highway Infrastructure Investment which is nearly identical to ARRA. For Transit Capital Assistance there is currently \$6.15 billion identified which is approximately \$750 million less than the ARRA.

The potential for a second round of stimulus funding has been on the agenda for information and discussion during MAG committee meetings since January 2010. While the timeline and the certainty of a bill passing is still unknown at this time, it is anticipated that if a bill does pass, it will have similar or shorter spending provision deadlines than that of the original ARRA program. Unlike the original 90-day obligation period, the spending provision requires projects to be under contract within a 90-day period. The legislation in its current form allocates \$6.15 billion to transit which is approximately \$750 million less than ARRA.

There will be challenges to program any new projects for funding due to the mandated federal project development process. Given the need for operating and preventative and potential short under-contract deadline for funds, MAG staff recommends any funds that need to be contract within 90-days period be allocated towards operating, preventative maintenance, ADA operations and ADA preventative maintenance. In November 2009, the Regional Public Transit Authority (RPTA) recommended a set of methodologies by which cost savings from ARRA projects are allocated towards operations, preventative maintenance, ADA operations and ADA preventative maintenance. The recommendations are outlined below:

1. Operating assistance – bus and rail (10%)
 - Split using operating costs (Approximately 87% bus / 13% rail)
- a. Operating assistance - bus
 - Allocated based on revenue miles of service provided within urbanized area
- b. Operating assistance – light rail
 - Allocated based on track miles of service provided within urbanized area
2. ADA Assistance (10%)
 - Allocated based on ADA trips provided within urbanized area
3. Preventive maintenance – bus and rail (balance of funds)
 - Split using operating costs (Approximately 87% bus / 13% rail)
- a. Operating assistance - bus
 - Allocated based on revenue miles of service provided within urbanized area
- b. Operating assistance – light rail
 - Allocated based on track miles of service provided within urbanized area

For information, discussion, and possible action to recommend that funds that are required to be under contract within ninety days be allocated towards operations (10%), ADA assistance (10%), and preventative maintenance by applying the principles outlined by RPTA for project savings from ARRA I funds; and amend the FY 2008-2012 MAG TIP as appropriate.

If there are any questions or you need more information, please contact me at achen@mag.maricopa.gov or (602) 254-6300.